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Interprovincial Trade Barriers: A Proposed Alberta Position

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> Domestically, provinces and the federal government must reject policies which distort the market economy and which artificially create advantages for a particular region. Efforts must be made to promote the development of all regions in Canada through policies sensitive to regional needs.[1]

The above statement, taken from an Alberta discussion paper entitled Alberta in Canada: Strength in Diversity, is indicative of the long-standing pledge by the Alberta government to work towards the elimination of trade barriers within Canada. Interprovincial trade barriers impede the free flow of goods, services, capital, and labor across provincial boundaries, thereby distorting and inhibiting Canadian economic activity. However, the above statement implies that the definition of interprovincial trade barriers must be tempered so that it includes only those impediments which create "artificial" distortions. This qualification upholds the jurisdictional right of provincial governments to pursue economic development policies as long as they build upon natural rather than artificial advantages in each province. The qualification thus prevents the sweeping categorization of virtually any provincial economic or regulatory measure as an interprovincial trade barrier. The above statement also imples a second qualification in that the definition of interprovincial trade barriers should exclude those provincial economic development policies particularly established and required to address regional disparities. Thus, an interprovincial trade barrier is an impediment to the free flow of goods, services, capital, and labor within Canada which does not build upon natural advantages and which is not required to reduce regional inequities.

Working within the confines of the above definition, this paper will fulfill three objectives:

1) to present a number of reasons why the Alberta government should continue to support the elimination of barriers which fall under the three categories of goods and services, capital, and personal mobility;

2) to describe various types of barriers under each of the three categories and to cite examples, where possible, of barriers which the Alberta government has itself created;

and 3) to recommend a course of action to follow in order to facilitate the reduction and eventual elimination of interprovincial trade barriers in Canada.

A. Goods and Services

There are a number of reasons why the Alberta government should continue to support the elimination of barriers to the free flow of goods and services. First, their elimination would enhance industrial efficiency. If competition is permitted from potentially lower-cost out-of-province firms, then local firms are forced to become more efficient in the production of goods and services. The larger market also allows producers to take advantage of the economies of scale associated with larger production runs.[2] Their efficiency is even further enhanced in that industries need no longer incur the costs of lobbying to keep the supposedly beneficial barriers.[3]

Second, the increased industrial efficiency would result in greater international competitiveness. Canada is the only major industrialized nation in the world that does not have free access to a market of at least 100 million people.[4] Therefore, we must be all the more willing to accept those challenges which will enhance our competitiveness.

Third, the free flow of goods and services would facilitate consumer savings because buyers would have access to the goods and services with

the lowest possible prices, despite the location of the producing firms.[5]

Fourth, the elimination of interprovincial trade barriers would allow certain economic losses to be regained. Several quantitative analyses have been attempted and the consensus seems to be that interprovincial trade barriers to goods and services result in a loss of 1% of the Gross National Product.[6] This may appear to be a minimal figure, but it must be remembered that such quantitative analyses are subject to major limitations. No study can claim to have examined the total effect of all increments because many impacts are simply not quantifiable.[7] It must also be remembered that even if the aggregate costs to the national economy do not appear large, the costs of barriers to trade may be extremely significant for individual firms.[8]

Fifth, the elimination of interprovincial trade barriers would protect the presently relied upon access to markets for goods and services within Canada. The most recently available data indicate that access to markets for goods and services within Canada is slightly more important than access to export markets. As Table 1 shows, 20% of the goods and services produced in 1979 were shipped out of the province of origin to a destination somewhere else in Canada while only 15% of goods and services were shipped to export markets.

Table 1 - Destination of Canadian Goods and Services, 1979[9]

($billion)

	Total		Within Province		Rest of Canada		Exports	
	$	%	$	%	$	%	$	%
Goods	202.8	46	89.6	44	53.9	27	59.4	29
Services	241.0	54	198.5	82	33.6	14	.9	4
Totals	443.9	100	288.1	65	87.5	20	68.3	15

Table 2 indicates that if services are excluded from the calculations, access to markets for goods within Canada is only slightly less significant than

access to export markets, with 27% of the goods produced in 1979 being shipped to other locations within Canada and 29% of goods being shipped to export markets.

Table 2 - Destination of Canadian Goods, 1979[10]

($ billion)

	Total		Within Province			Rest of Canada			Exports		
	$	%	$	%	Rank of %	$	%	Rank of %	$	%	Rank of %
Nfld.	2.3	100	.6	28	9	.5	21	7	1.2	51	2
P.E.I.	.4	100	.1	40	4	.1	39	2	.08	21	10
N.S.	4.1	100	1.7	40	4	1.4	34	3	1.1	26	8
N.B.	3.9	100	1.1	29	8	1.1	29	4	1.7	42	4
Que.	46.0	100	21.9	48	1	13.1	28	5	10.9	24	9
Ont.	84.7	100	40.0	47	2	20.9	25	6	23.8	28	6
Man.	6.1	100	2.1	35	6	2.5	41	1	1.5	24	9
Sask.	6.6	100	1.7	25	10	1.9	29	4	3.1	46	3
Alta.	26.3	100	10.2	39	5	9.1	34	3	7.0	27	7
B.C.	21.7	100	9.9	45	3	3.2	15	8	8.7	40	5
Yukon $ N.W.T.	.7	100	.2	31	7	.05	8	9	.4	61	1
Canada	202.8	100	89.6	44	-	53.9	27	-	59.4	29	-

While access to markets for goods within Canada is relatively important for the nation as a whole, access to domestic markets is even more important to the province of Alberta. Table 2 indicates that 34% of the goods produced in Alberta in 1979 were destined for other locations within Canada while only 27% were destined for export markets. Alberta was the third highest ranking province in terms of the percentage of its goods being shipped to the rest of Canada compared to the percentage remaining within the province and the percentage exported. Thus, the elimination of barriers to protect and facilitate the markets for goods and services within Canada should be a particularly high priority for the province of Alberta.

Sixth, the elimination of interprovincial trade barriers would allow

Canada to fulfill its obligations in terms of international trade liberalization. Interprovincial trade barriers will soon come under close international scrutiny, for the next round of negotiations under the General Agreement on Tariffs and Trade will involve a careful examination of several non-tariff barriers.[11] The elimination of interprovincial trade barriers will also be necessary in order to secure any bilateral free trade agreement with the United States, for as one of the 27 studies on free trade recently released by the federal government notes:

> The Americans, in particular, are concerned with the use of subsidies on other than a narrow commercial basis and attempts are being made in the U.S. Congress to extend their definition for purposes of countervailing action.[12]

Since the Alberta government is strongly in favor of such international trade liberalization initiatives, it should be a priority for the province to work towards the elimination of interprovincial trade barriers.

In summary, there are several reasons why impediments to the free flow of goods and services should be eliminated, particularly from an Alberta perspective. However, numerous types of barriers to the free flow of goods and services persist in Canada, many of which the Alberta government has itself created.

i. Government Procurement Policies

As purchasers of goods and services, provincial governments often erect interprovincial trade barriers by favoring local firms in their purchasing requirements. Usual methods of preferential procurement involve selective or single tender; inadequate publicity or information on bidding through the use of source lists; short time limits for the submission of bids; performance requirements tailored towards what local businesses can provide; residence requirements for vendors; and preferential margins for local suppliers.[13]

The Alberta government is said to practise very few, if any, preferential procurement policies; the only time that local firms are preferred is when they offer prices, quality, and service that are equivalent to that offered by their out-of-province competitors.[14] However, the history of Alberta government procurement practises includes examples to the contrary. For instance, with regard to selective tender, in the early 1980s the Alberta government restricted tenders to firms located within 500 miles of Edmonton for steel pipe which was required as a result of the Rural Gas Act. This was a retaliation measure against certain B.C. procurement policies.[15] With regard to influencing bidding through the use of local source lists, firms must apply to be on the source list of the purchasing branch of Alberta Public Works, Supply and Services and firms may or may not be interviewed in order to obtain a place on the list.[16] With regard to another method of influencing bidding, suppliers allowed to bid for purchases required by crown corporations are restricted to those suppliers that are known to the buyers.[17] With regard to outright local preference, one example may be the contract offer to Alberta-based Genstar Cement, as opposed to the apparently lower bidding outside firm, which was recently announced by the Minister of Public Works, Supply and Services.[18] Not only is it possible to cite examples of preferential procurement policies in Alberta, but the extent of these policies can also be ascertained by considering the results of a recent quantitative analysis which estimated the efficiency gains which would result if preferential procurement policies were eliminated. The study estimates that Alberta would have the third largest efficiency gain ($11 million) next to Quebec and Ontario ($31 million and $28 million respectively).[1] Alberta government preferential procurement practises are thus relatively extensive, and considering the present period of economic contraction, there will probably be considerable in-province pressures to maintain and even

enhance current practises.[20]

ii. Transportation Regulations

Transportation regulations are obvious barriers to interprovincial trade in that they impede the physical movement of goods across provincial boundaries. Significant variations exist among provinces in licensing terms, entry control procedures, commodity descriptions, rate filing, and weight and dimension standards.[21]

A recent quantitative analysis of the effects of eliminating trucking regulations estimated that Alberta would have suffered the greatest loss in 1981 dollars ($5.6 million) with the next greatest loss suffered by Ontario ($.4 million). Such losses would have been incurred by these two provinces because under the existing regulations, they were both able to capture some of the quota rent from other provinces.[22] However, the study indicated that all other provinces would have experienced substantial economic gains if trucking regulations were eliminated. Considering these potential gains, and in light of the tremendous administrative burden that regulations impose upon individual firms, the provinces signed a Memorandum of Understanding in 1985 which stated their commitment to the reduction of transportation regulations.[23] Alberta, along with the other provinces, has made significant progress in this regard.

iii. Agricultural Policies

Agriculture is another policy area laden with barriers to interprovincial trade. Supply management marketing boards comprise one area of agricultural policy that is deemed to distort interprovincial trade. Provincial and federal governments delegate their regulatory powers to four national supply management marketing boards which cover eggs, chickens, turkeys, and dairy products. The national marketing boards specify a quota for these products for each province and these allocations are in turn divided among individual

producers by a correspomding provincial board. Since quotas do not change unless there is an increase in overall demand, there is an obvious reluctance among provinces to permit too many imports into their own province, even if non-local producers are more cost-efficient, because they would have to give up some of their own quotas. Thus, the free flow of agricultural products is impeded due to the rigidity of production patterns caused by the supply management marketing boards.[24]

A recent quantitative analysis estimated the costs incurred in various provinces due to restrictions on interprovincial trade in eggs, broilers, and turkeys. In this analysis, Alberta ranked highest in the amount of output forgone because of restrictions in turkeys with a loss of $15,500 in 1982 dollars; it ranked second highest next to Saskatchewan in losses due to restrictions in broilers with $92,400 and $95,000 lost respectively; and it ranked second last next to Saskatchewan in losses due to restrictions in eggs with losses of only $6,400 and $3,700 respectively.[25] Thus, agricultural marketing boards have a significant presence in Alberta, but their economic effects vary with each type of product.

Agricultural support programs comprise another area of agricultural policy that is deemed to distort interprovincial trade. Such programs take three basic forms: cash subsidies to farmers; stabilization such as crop or income insurance; and assistance in the form of loan guarantees, debt moratoria, and capital grants.[26]

Due to devastating agricultural conditions, the Alberta government has been forced to participate in virtually every type of agricultural support program imaginable short of a debt moratorium. Examples include the Livestock Development Assistance Program, the Disaster Assistance Program, the All-Risk Crop Insurance Program, the Hail Insurance Program, the Farm Fuel Distribution Allowance, and the new Farm Credit Stability Program, to name only a few. Alberta obviously ranks high in the extent of utilization

of agricultural support programs.

iv. Liquor Controls

Controls on liquor retailing comprise another type of interprovincial trade barrier in that provincial government policies often discriminate against out-of-province suppliers. Liquor controls take three basic forms: provinces may support local products through preferences in advertising support, special shelf-positioning in retail outlets, listing requirements, and pricing policies; provinces may limit private purchases from other provinces by imposing a quota system or by levying taxes on purchases; and provinces may require special packaging requirements that make it costly for out-of-province products to enter the market.[27]

Liquor controls imposed by the Alberta government are relatively non-discriminatory compared to controls imposed in other provinces. There is a preferential pricing policy in Alberta, but it discriminates in price mark-ups only in terms of imported liquor rather than out-of-province liquor. There are also quotas on imported rum and scotch.[28] However, Alberta shares with the other provinces the policy of encouraging small, local breweries to be established in the province, thus contributing to the grand total of 39 relatively small, inefficient breweries in Canada.[29]

It is clear that there are a wide variety of interprovincial trade barriers that impede the free flow of goods and services in Canada and the province of Alberta is certainly not without its fair share of barriers.[30]

B. Capital

There is one basic reason why the Alberta government should support the elimination of barriers to the free flow of capital: to prevent severe misallocations of investment. Policies which attempt to keep capital flowing within a particular province, or which attempt to attract capital into a province, are usually not so capital-intensive as to prevent the establishment

of potentially productive projects elsewhere, but such inducements do lead to investments in projects which would not otherwise be financially feasible.[31] Extreme misallocations of funds pose the danger of slowly convincing the business community to continually expect an injection of artificially created investment. Such misallocations would have serious ramifications for our industrial competitiveness and they would invite retaliation by our international trading partners.[32] These types of severe misallocations are not widely believed to exist in Canada, but there do exist two types of less serious misallocations of investment.

i. Industrial Incentives and Subsdies

There are a wide variety of industrial incentives and subsidies in existence. Such policies are established in order to attract firms, and thus capital, into a particular provincial jurisdiction. These policies may take the form of capital grants, government loan guarantees, tax credits, deferral arrangements, and infrastructure requirements.[33]

The Alberta government has become quite adept at erecting these types of barriers to the pure free flow of capital. One example is the Small Business Equity Corporations Program which was established in 1984.[34] The program has provided $50 million in the form of 30% capital grants on investments made by individuals or firms in small Alberta businesses which pay at least 75% of their wages and salaries for Alberta-related operations.[35] The program has thus induced the investment of about $167 million in Alberta projects which may not have otherwise been invested in.[36] Another example is the Alberta Stock Savings Plan for which draft legislation was released earlier this year. The program will provide up to $3,000 in tax credits to individuals investing in stocks of Alberta corporations which pay at least 25% of their salaries and wages within Alberta. Drafers originally planned to require a 50% guarantee of salaries and wages within Alberta, but the federal government

threatened to refuse to cooperate under the Federal-Provincial Tax Collection Agreement because of such stringent Alberta-content rules.[37] Therefore, it is clear that the plan has been viewed as a barrier to the pure free flow of capital since its inception, and the plan may still be revised so that it is even more stringent. Considerable in-province pressures are developing for the establishment of a guarantee that would ensure that a certain amount of money raised under the scheme would be re-invested in Alberta.[38] The plan thus threatens to become an even more serious impediment to the pure free flow of capital.

ii. Investment Funds

Investment funds are a second type of barrier to the pure free flow of capital. Investment funds are those special provincial funds composed of natural resource revenue that several provinces have created in the name of "heritage funds." Because of their substantial size, these funds may pose significant barriers to the free flow of capital in the event that they are utilized to promote industrial development by explicit or implicit subsidies at below-market rates, or in the event that they place exclusive priority on provincial investment by rejecting all out-of-province involvement.[39]

The Alberta Heritage Savings Trust Fund is an obvious example of this type of barrier. It is the largest fund of its kind in Canada. Indepth and careful analyses of various investment divisions of the fund would be required in order to determine if the fund is promoting industrial development at below-market rate subsidies. However, it is evident that the Alberta fund is in fact placing exclusive priority on Alberta investments, at least in terms of the provision of loans, for no new loans to other provinces have been made under the Canada Investment Division since 1982.[40]

In summary, despite the absence of severe impediments to the mobility

of capital, it is apparent that certain barriers do exist and that a certain degree of misallocation of investment is occurring in Alberta and in Canada as a whole.

C. Personal Mobility

Two arguments can be presented which explain why personal mobility in Canada should be unimpeded. First, the free flow of people across provincial boundaries serves as a necessary economic adjustment mechanism. When a province is affected by dislocation due to technological change, shifts in the terms of trade, or any other change indicating a period of economic downturn and increased unemployment, people must be free to relocate. Such freedom permits the optimal allocation of people resources within the national economy and it eases the costs of adjustment to economic shocks.[41] The freedom of personal mobility has been especially important in the province of Alberta given the drastic swings in economic activity that have taken place. From 1971 to 1982, Alberta was the destination for 22.5% of all migrants within Canada. But for the two years following the slow-down in western resource development in 1982, Alberta was a net loser in interprovincial population movements.[42]

The second reason why personal mobility in Canada should be unimpeded is that the movement of peoples facilitiates a spreading of ideas, thus contributing to a sense of mutual awareness, understanding, and citizenship that is beneficial to all provinces in Canada.[43] But despite the viability of these arguments, several types of personal mobility barriers exist in Canada.

i. Labor Licensing and Professional Standards

Labor licensing and professional standards are one such barrier. It is reasonable that labor and professional associations find it necessary to utilize standards in order to maintain the integrity of their membership.

However, the significant time and monetary costs associated with re-licensing in another location may dissuade people from considering jobs elsewhere.[44] A recent quantitative analysis attempted to measure the impact of labor restrictions (of which labor licensing and professional standards are one component) on personal mobility. The analysis examined six occupations and it assumed the impact of labor restrictions to be reflected in wage differences across provinces. According to the study, Alberta suffered from the second greatest efficiency losses next ot B.C. due to labor restrictions. On an occupation basis, Alberta suffered significant losses due to restrictions affecting lawyers, mechanical engineers, welders, and architects. For Alberta physicians and surgeons, efficiency losses were relatively small, while Alberta pharmacists enjoyed economic gains due to restrictions.[45]

ii. Provincial Hiring Restrictions

Provincial hiring restrictions are a second type of barrier to personal mobility. These restrictions involve the hiring of strictly local residents in certain employment situations. Some examples of local hiring restrictions exist in Alberta, such as the requirement that firms applying for Industrial Development Permits, Forestry Management Agreements, and Coal Development Permits must satisfy the government that they intend to maximize Alberta content with respect to employment of professional services and tradespeople.[46]

iii. Pension Plan Portability

A final impediment to personal mobility is the lack of portability of pension plans. The obvious implication is that if pension plan portability is lacking, workers will be reluctant to seek emplyment elsewhere. With regard to public pension plans, there is now portability between the Quebec and Canada Pension Plans. With regard to private pension plans, simply the wide variety of existing plans makes it difficult to avoid a lack of portability. However, Alberta is one of six provinces that have enacted legislation establishing at least minimum standards of protection.[47] Therefore,

despite the obvious benefits of absolute personal mobility, it is evident that much remains to be done to ensure a free movement of people across provincial boundaries.

D. Course of Action

It should be clear from the preceding arguments and examples that many benefits would be gained if interprovincial trade barriers were eliminated entirely. However, it is also clear that the Alberta government has itself erected a number of barriers, many of which it would be justifiably reluctant to surrender. One example are the many agricultural support programs so desperately required by Alberta's farming community. Another example is the Alberta Heritage Savings Trust Fund which provides the province with much needed investment income and security. Many other examples of barriers that the Alberta government feels are justifiable have been cited in this paper and several more examples could be drawn from other provinces in Canada. Therefore, it is necessary that the issue of interprovincial trade barriers be addressed through a process of intergovernmental negotiation which would achieve the following results: an identification and maintenance of those barriers that are justifiable and that can reasonably be maintained, and an agreement to gradually eliminate the remaining barriers so that the greatest benefit would accrue to all.

The Alberta government has already been participating in such a process of intergovernmental negotiation. A nation-wide task force has been meeting regularly for several months and its deliberations on interprovincial trade barriers have met with substantive results. At a meeting on June 4, 1986 in Belleville, Ontario, Regional and Economic Development Ministers from all provinces agreed to a three-point plan: a moratorium on new barriers; the establishment of a process to take an inventory of current barriers; and the establishment of a permanent mechanism to reduce barriers.[48]

It is crucial that Alberta and the other provinces build upon the momentum that now exists to reduce interprovincial trade barriers. First, Canada's First Ministers should sign an intergovernmental agreement in the form of a Code of Economic Conduct such as the one prescribed by the MacDonald Royal Commission.[49] The code would be a statement of generalized principles. It would include a statement summarizing the concept of Canada as an economic union and the benefits of maintaining the union; a definition of interprovincial trade barriers and a statement describing the threats inherent in these barriers; a statement outlining the fact that some impediments falling under the definition of interprovincial trade barriers may be justifiable and that their maintenance may be possible through a process of intergovernmental negotiation; and a statement committing all governments to participate in certain intergovernmental mechanisms designed to identify and eventually reduce all barriers that are not deemed to be justifiable.

The next step should be the establishment of a specific mechanism to identify existing barriers. Officials from the department of economic development in each provincial government and the federal government should be seconded for a certain period of time to form a Barrier Identification Agency. It would be the responsibility of this agency to compile a list of all existing barriers (as defined in the Code of Economic Conduct) in every province in Canada. Such an undertaking would require a great degree of openness on the part of all governments, for it has long been a difficulty for governments to keep track of implicit and changing barriers erected in other jurisdictions.

Yet another mechaism should be established in the form of a Barrier Reduction Group. This group would be comprised of Deputy Ministers from the department of economic development in each jurisdiction. Such a group should begin meeting on a regular basis and should be charged with the

responsibility of negotiating a reduction of barriers. This group of senior officials would utilize the information compiled by the Barrier Identification Agency and it would negotiate a reduction based upon arguments presented by each province about the justifiability of certain barriers.

Next, a mechanism should be established to enforce the principles contained in the Code of Economic Conduct and to enforce the decisions arrived at by the Barrier Identification Agency and the Barrier Reduction Group. Such a mechanism need not involve the entrenchment of principles in the constitution. The Canadian constitution already discourages the establishment of impediments to the mobility of goods and services in Section 121; it implicitly provides for capital mobility through the exclusive authority the federal government exercises over currency and banks; and it provides for personal mobility in Section 6 of the Charter of Rights and Freedoms.[50] The only reason that governments have been allowed to establish impediments is that the Canadian judicial system, grounded on the principle of stare decisis, has not taken it upon itself to conduct a political and economic analysis of government policies in order to determine if their potential effects would contravene the provisions in the constitution. Only those barriers that would directly or explicitly contravene the above sections have been deemed invalid (i.e. interprovincial tariffs). Thus, rather than attempting an entire revision of the judicial system, it would be more productive to vest the federal and provincial governments themselves with the responsibility of enforcing the reduction of barriers which they erected in the first place.[51] A Barrier Mediation Commission should be established, again comprised of officials from the department of economic development from each jurisdiction. The Commission would be responsible for hearing complaints concerning the identification and reduction of barriers and it would perform the function of dispute settlement.

If the above course of action is followed, the vast sea of interprovincial trade barriers will eventually recede to a more reasonable and justifiable level. Alberta and the nation as a whole will ultimately benefit from the vast cooperative effort that will be required to reduce impediments to the free flow of goods, services, capital, and labor.

Notes

[1]Alberta, Alberta in Canada: Strength in Diversity, 1983, p.

[2]Canada, Minister of Supply and Services, Report of the Royal Commission on the Economic Union and Development Prospects for Canada, Volume 3 (Ottawa: Canadian Government Publishing Centre, 1985), p. 111 (hereafter cited as Report of the Royal Commission).

[3]Katie Macmillan, The Canadian Common Market: Interprovincial Trade and International Competitiveness (Canada West Foundation, 1985), p. 4 (hereafter cited as The Canadian Common Market).

[4]Ibid.

[5]Ibid., p. 5.

[6]Report of the Royal Commission, p. 120.

[7]Ibid., p. 134.

[8]Ibid., p. 120.

[9]This table was adapted from information presented in a table in the Report of the Royal Commission, p. 102.

[10]This table was adapted from information presented in a table in the Report of the Royal Commission, p. 104.

[11]"Provincial Trade Barriers Key to Success of Talks," Calgary Herald, June 3, 1986.

[12]Quoted in "Internal Trade Barriers May Hurt Negotiations," Edmonton Journal, May 22, 1986.

[13]Report of the Royal Commission, p. 118.

[14]Remarks by Mr. Stewart, Alberta Hansard, June 19, 1986, p. 119.

[15]The Canadian Common Market, p. 3.

[16]Ibid., p. 19.

[17]Ibid.

[18]"Johnston Reviewing Alberta Stock Savings Plan Rules," Edmonton Sun, June 18, 1986.

[19]Kenneth Norrie, Richard Simeon, and Mark Krasnick, Federalism and the Economic Union in Canada (Toronto: University of Toronto Press in cooperation with the Royal Commission on the Economic Union and Development Prospects for Canada and the Canadian Government Publishing Centre, 1986), p. 242 (hereafter cited as Federalism and the Economic Union).

[20]One example of this type of in-province pressure is Motion 202

recently proposed by Mr. Stewart which suggested that the Alberta government and its agencies should be encouraged to purchase goods and services from Alberta businesses wherever reasonably possible. The debate on this motion can be found in Alberta Hansard, June 19, 1986, pp. 118-123.

[21] The Canadian Common Market, p. 15.

[22] Federalism and the Economic Union, p. 247.

[23] The Canadian Common Market, p. 15.

[24] Michael J. Trebilcock, John Whalley, Carol Rogerson, and Ian Ness, "Provincially Induced Barriers to Trade: A Survey," in Federalism and the Canadian Economic Union, ed. Michael J. Trebilcock, J. Robert S. Prichard, Thomas J. Courchene, and John Whalley (Toronto: University of Toronto Press for the Ontario Economic Council, 1983), p. 255 (hereafter cited as "Provincially Induced Barriers").

[25] Federalism and the Economic Union, p. 246.

[26] The Canadian Common Market, p. 38.

[27] Report of the Royal Commission, p. 119.

[28] The Canadian Common Market, p. 16.

[29] "Workers Cry in Beer Over Free Trade," Calgary Sun, June 3, 1986.

[30] Government procurement policies, transportation regulations, agricultural policies, and liquor controls are but a few of the many types of barriers that exist to the free flow of goods and services. Other impediments include transportation subsidies, product standards, energy policies, natural resource policies, and taxation policies. The scope of this paper does not permit the analysis of these additional barriers.

[31] Report of the Royal Commission, p. 122.

[32] The Canadian Common Market, p. 27.

[33] Report of the Royal Commission, p. 119.

[34] Alberta, Position and Policy Statement on Enhancing the Alberta Capital Market, September, 1985, p. 22.

[35] Alberta, Department of Tourism and Small Business, "Small Business Equity Corporations Program," Pamphlet, 1984.

[36] Remarks by Mr. Adair, Alberta Hansard, May 17, 1985, p. 1049.

[37] "Let's Get Alberta Stock Savings Plan on Track and Keep it There," Edmonton Journal, June 21, 1986.

[38] A recent example of such in-province pressure is the close scrutiny that has befallen the eligibility of Bryndon Ventures Inc. to participate in the Alberta Stock Savings Plan. Liberal M.L.A. Grant Mitchell raised

questions in the Legislature as to why the company was eligible to raise $365,000 for investment through the plan while it intends to spend $310,000 in Ontario and Quebec. The questions and answers can be found in Alberta Hansard, June 13, 1986, p. 13.

[39]"Provincially Induced Barriers," p. 294.

[40]Alberta, Provincial Treasurer, Alberta Heritage Savings Trust Fund 1984-85 Annual Report, p. 22.

[41]Report of the Royal Commission, p. 112.

[42]Ibid., p. 126.

[43]Ibid.

[44]The Canadian Common Market, p. 3.

[45]Federalism and the Economic Union, p. 269.

[46]"Provincially Induced Barriers," p. 246.

[47]Ibid., p. 283.

[48]"Fewer Interprovincial Trade Barriers Pledged," Edmonton Journal, June 5, 1986.

[49]Report of the Royal Commission, pp. 137-140.

[50]Ivan Bernier, Nicolas Roy, Charles Pentland, and Daniel Soberman, "The Concept of Economic Union in International and Constitutional Law," in Perspectives on the Canadian Economic Union, coordinated by Mark Krasnick (Toronto: University of Toronto Press in cooperation with the Royal Commission on the Economic Union and Development Prospects for Canada and the Canadian Government Publishing Centre, 1986), p. 62.

[51]Ibid., p. 130.

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